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INTRODUCTION

Who should read this handbook?

This handbook is for members of the Public Employee Pension Plan and is designed to give you the knowledge you need to plan for your retirement. The Public Employee Pension Plan is the largest pension plan administered by the Wyoming Retirement System (WRS), which also administers eight other pension plans for different groups of employees and a 457 Deferred Compensation Plan. The state laws authorizing the Plan are W.S. 9-3-401 through W.S. 9-3-452 along with the WRS Retirement Board's rules.

What is a pension?

Once you meet certain qualifications, a pension will provide a monthly payment for life. The technical name for this type of retirement plan is a "defined benefit" plan because a formula defines the benefit you receive when you retire.

In contrast to a pension plan is a defined contribution retirement plan in which you specify, or define, your contribution. Defined contribution plans, such as the 457 Plan, help you build your own retirement nest egg by giving you a tax incentive to set money aside for retirement. With a defined contribution plan, you control your account and make your own investment decisions. The benefit you are building is simply the balance in your account.

A pension has three key features that can work in conjunction with any defined contribution plans you may have:

I. In most cases, your future benefit grows as long as you are working for a WRS participating employer and is based on your age, salary, and years of service. As your years of service and salary increase, so does your future benefit.

- II. Your benefit is not generally affected by investment gains or losses. WRS assumes the responsibility for investing all contributions and earnings with the goal of funding your lifelong pension benefit. This is in sharp contrast to defined contribution plans such as 457, 403(b), or 401(k) plans where you are fully responsible for how your investments perform.
- III. You cannot outlive your benefit, even after you deplete your account balance. Typically, a retiree draws all the funds from his or her account within three to five years of retiring, after which your benefit is paid with WRS investment earnings. In the unlikely event WRS did not have enough assets to pay pension benefits, the state of Wyoming would not necessarily be obligated to make these payments.

Which employers participate in the Public Employee Pension Plan?

The state and more than 400 local government employers in Wyoming participate in the Public Employee Pension Plan to provide pension benefits to their employees. Because so many public employers in Wyoming participate in this plan, you have considerable portability with your pension. Portability means it may be possible for you to switch employers without interrupting the future pension benefit you are accumulating. If you are not sure whether your public employer participates in WRS, please contact us at (307) 777-7691.

How do I enroll in the Public Employee Pension Plan?

You do not have to take any action to become a member of the Public Employee Pension Plan. If your employer participates in the Public Employee Pension Plan, all eligible employees are required to join the plan at the time of employment. Your public employer will use information you provide them to enroll you in the plan.

Am I a member of the Public Employee Pension Plan?

Most public employees, not including federal workers, are part of the Public Employee Pension Plan – the largest pension plan WRS administers. WRS does administer other pension plans for specific groups of employees such as game wardens, highway patrol officers, DCI investigators, law enforcement personnel, corrections officers, judges, paid and volunteer firemen and volunteer EMTs. To verify which pension plan you belong to, check with your employer or contact WRS.

If your employer participates in WRS and you are a full-time or regular part-time employee of the state, a school district, or institution of higher learning, it is likely you are a member. This also includes seasonal employees, who are guaranteed positions each year without having to go through the re-application process. You would be excluded from membership if you are an independent contractor (although state at-will contract employees may participate). You are also excluded from membership if you are paid on a fee basis, reimbursed on a per diem basis, employed on a temporary basis for less than six months, or receive no more than \$5,500 a year for part-time teaching at any community college or the University of Wyoming and make an election, in writing, not to participate.

Which tier of benefits am I under with this plan?

The Public Employee Pension Plan has two tiers of benefits:

- » **Tier 1:** If you made a contribution to the Plan for service prior to Sept. 1, 2012, you are in Tier 1. Under this tier, your benefit is calculated using a multiplier of 2.125 percent for the first 15 years of service and 2.25 percent for years of service above 15 and your highest 36 months of continuous acceptable salary. You are eligible for full retirement at age 60 or the Rule of 85. (See pg 10 for an explanation of the Rule of 85.) If you are under Tier 1, but terminate and take a refund of your account balance, you will be under Tier 2 if you resume employment with a WRS participating employer. If you are vested and terminate, but leave your account on deposit with WRS, you will be under Tier 1 if you resume employment with a WRS participating employer. If you are not vested and terminate your employment but leave your account on deposit with WRS, you will remain in Tier 1 if you resume employment with a participating WRS employer within 30 days of your termination date.
- » Tier 2: If you made your first contribution to the Plan for service on or after Sept. 1, 2012, you are in Tier 2. Also, if you terminated employment before being vested and had a break in service of more than 30 days, or you took a refund and then were re-employed on or after Sept. 1, 2012, you are in Tier 2. Under this tier, your benefit is calculated using a multiplier of 2 percent for all years of service and your highest 60 months of continuous acceptable salary. You are eligible for full retirement benefits at age 65 or the Rule of 85. (See pg 10 for an explanation of the Rule of 85.)

TIMING YOUR RETIREMENT

How much money do I need for retirement?

Generally, financial experts estimate most people will need 70 to 90 percent of their pre-retirement income to maintain the lifestyle they had before they stopped working. However, because each individual has unique needs, you should consider your own personal retirement goals. The American Savings Education Council indicates you may want to plan to replace 100 percent or more of your pre-retirement income if you have not reached your prime earning years, want an enhanced retirement lifestyle, or expect high medical expenses in retirement.

When am I eligible to retire? You are eligible for full retirement when:

- » Under Tier 1, you reach age 60 and are vested;
- » Under Tier 2, you reach age 65 and are vested;
- » Under either tier, you meet the requirements of the Rule of 85, which means your age plus your years of service in WRS equal 85 or more.

You are eligible for reduced retirement with a reduced benefit when:

- » Under Tier 1, you reach age 50 and are vested;
- » Under Tier 2, you reach age 55 and are vested; or
- » Under either tier, if you complete 25 years of service at any age.

What does being "vested" mean?

After obtaining 48 months of service, you are eligible to elect a monthly benefit at retirement age. Months of service is calculated based on actual hours worked. The 48 months of service do not have to be consecutive months.

What is the "Rule of 85," and how does it help me?

Under the Rule of 85, you are eligible for retirement benefits without a reduction if your age plus your years of service in WRS equal 85 or more. The Rule of 85 is valuable because it enables you to receive an unreduced retirement benefit even if you retire before full retirement age. Once you reach full retirement age (age 60 for Tier 1 or age 65 for Tier 2), the Rule of 85 no longer applies.

What resources does WRS have to help me in my retirement planning?

- » The WRS website at http://retirement.state.wy.us has a wide variety of information, including videos, useful links and benefit calculators to help you project your future benefit.
- » You can log into your RAIN account online to get an estimate of your benefit using your current account information.
- » WRS retirement educators present informational seminars and provide oneon-one counseling about retirement issues. Contact WRS to schedule an appointment with a retirement educator.

YOUR PENSION ACCOUNT

Who funds my pension?

While you are working, both you and your employer make contributions each month to fund your future pension benefit. WRS is responsible for investing all of the contributions. You do not make individual investment decisions for your pension plan assets.

As of July 1, 2014, the total contribution is 15.87 percent with you contributing 8.25 percent and your employer contributing 7.62 percent. On July 1, 2015, the employer contribution increases

to 8.37 percent making the total contribution 16.62 percent.

Your employer may fund some or all of the required employee's portion of the contribution, in addition to the employer's minimum share. For specific details about how much of the total contribution your employer covers, please contact the HR staff at your organization.

While employee contribution increases are phased in, the State of Wyoming is temporarily subsidizing the increase for employees at agencies within the Executive, Judicial, and Legislative Branches. When these temporary subsidies expire, these employees will pay 2.68 percent of the 8.25 percent employee contribution out-of-pocket. Some participating employers throughout the state follow suit with these contribution levels, while others do not.

How does WRS keep track of my contributions?

A separate account is maintained for each member of WRS showing the amount of contributions and accrued interest. Accounts are used to determine refund amounts and pre-retirement death benefits. At retirement, your benefit is initially paid from your account balance until it is exhausted. After that, your benefit is paid from WRS funds.

How can I access my account information?

WRS' Retirement Administration & Information Network (RAIN) is an online pension administration system where members can log in and view their accounts. To access RAIN, visit wrsrain.wyo.gov where you can create a login ID, after which you will be able to view your account statement, change your address or other personal information, obtain an estimate of your future benefit, request a refund, or submit a retirement request.

Does my account receive interest?

Yes, interest is calculated on non-retiree accounts at a rate determined by the board and is added to your account monthly at a compounded rate. The current rate is 5.5 percent.

Can I contribute additional money to my account?

No, additional funds may not be sent in excess of the contribution rate, which is 15.87 percent as of July 1, 2014 and 16.62 percent as of July 1, 2015. Remember in most cases your benefit is not based on your contributions or your account balance; it is based on your years of service, salary, and age at retirement.

What if I want a larger pension benefit?

A currently employed and vested member of the Public Employee Pension Plan may make a one-time purchase of up to five years of service in the plan. If you make such a purchase, it will count as service and could move you closer to being eligible for full retirement benefits. The purchase must be made in a lump sum. You are allowed to transfer funds from other retirement savings vehicles, such as deferred compensation plans, to make this purchase. For information, please contact WRS.

Can I take a loan from my account?

No, you cannot borrow against your account. Nor can your account be attached or garnished.

Are my records confidential?

Yes, the account records of any member cannot be released unless the member authorizes, in writing, the release of such records, or a court order directs the records be available for inspection or release.

Will I receive account statements?

You can access your statement by logging into RAIN at wrsrain.wyo.gov. If you would prefer a copy be mailed to you, please contact WRS or opt out of electronic communications in RAIN.

Your statement shows the amount you contributed and the amount of accrued interest through Dec. 31 of the preceding year. It also gives an estimate of your retirement benefit at your earliest full retirement age using your current year account information. Full retirement age is age 60 if under Tier 1, at age 65 if under Tier 2, and at the Rule of 85 using your current year account information. Be aware, the benefit estimate on your statement is based on specific assumptions. Therefore, the estimates may vary if the assumptions are not applicable to you. As an example, estimates assume full-time service. If any of your service is part-time, the estimate will likely overstate the actual benefit.

It is important to review your statement and verify the address and beneficiary information listed. You can manage changes to these items through RAIN at wrsrain.wyo.gov, by emailing WRS at wrschange@wyo.gov, or via mail.

What happens if I move?

You can make changes to your contact information by logging into RAIN at wrsrain.wyo.gov. It is important that your contact information is up to date to ensure you receive statements and other correspondence. An Account Information Change Request form (WRS-3) is also available on our website. Change notifications can be emailed to wrschange@wyo.gov.

AMOUNT OF YOUR BENEFIT

How can I estimate my benefit?

A benefit calculator is available on the WRS website at: http://retirement.state.wy.us. The calculator will provide an unofficial estimate of your retirement benefit based on information you input. You can experiment with different retirement dates or future salary projections and the calculator will show you the difference in your potential benefit.

If you are vested, or within six months of being vested, a basic estimate of your retirement benefit is available in RAIN at wrsrain.wyo.gov. The estimate is based on information specific to your current salary, service and account information.

How much will my pension benefit be at full retirement?

Your benefit is based on a formula involving your months of service, highest average salary, and age at retirement. WRS provides online tools that will do this calculation for you. For most of you, your benefit is not based on how much you and your employer have contributed to your retirement account.

- » Tier 1 entitles you to 2.125 percent of your highest average salary for your first 15 years of service, added to 2.25 percent of your highest average salary for each year over 15 years.
- » Tier 2 entitles you to 2 percent of your highest average salary for each year of service.

If you started employment before July 1, 1981, when the money purchase plan was in effect, your benefit may be affected by your contributions and interest. Your benefit will be calculated using your account balance and the formula calculation shown under Tier 1, and it will be the higher of the two calculations. In most instances, the formula calculation will override.

How much will my pension benefit be if I take reduced retirement?

If you take reduced retirement, your full retirement benefit is permanently reduced by 5 percent for each year you are below age 60 for Tier 1, age 65 for tier 2 with partial years prorated monthly unless you meet the rule of 85. This is to account for the probability that you will be receiving your pension benefit for a longer period of time. Your benefit will increase only if the Legislature grants cost-of-living adjustments (COLAs).

The earliest you can retire with a permanently reduced benefit under:

- » Tier 1 is age 50 with 48 months of service,
- » Tier 2 is age 55 with 48 months of service
- » Either Tier is at any age with 25 years of service

How is my highest average salary determined?

The highest average salary under Tier 1 is calculated by averaging your highest 36 months of continuous acceptable salary. Under Tier 2, it is calculated by averaging your highest 60 months of continuous acceptable salary.

Does WRS accept all compensation when considering my salary?

The WRS Board has defined what is acceptable as salary in Chapter Eight of its administrative rules.

Acceptable "cash remuneration" includes pay for services rendered; pay for used administrative, sabbatical, annual, sick, vacation, or personal leave; any pay for compensatory time, provided any such pay for compensatory time was earned during the last 12 months, and any retroactive compensation payments pursuant to court orders, arbitration awards, or litigation and grievance settlements.

Cash remuneration does not include fringe benefits such as payments for unused sick, personal, or vacation leave; housing allowances; transportation expenses; early retirement incentive pay; severance pay; bonuses; medical insurance; workers' compensation benefits (except for state agencies and the University of Wyoming); disability insurance premiums or benefits; payments received in lieu of previously employerprovided fringe benefits under an agreement between the member and participating employer entered into within 60 months before retirement; any other payment which may reasonably be construed to be a fringe benefit; or any payment made during any period of employment which is deemed to increase highest average salary for the primary purpose of increasing a retirement benefit.

The rule includes a mechanism to review and limit the increases in your highest average salary if the board finds, after consideration of all circumstances, that the primary purpose of the compensation increase was to increase your retirement benefit.

How are my months of service calculated?

One month of service is calculated based on the number of hours you work in a month. If you work 86 or more hours, you are credited one full month of service; 40 to 85 hours equals one half (1/2) month of service; and between 1 and 39 hours worked in a month is credited as one quarter (1/4) month of service.

Is there anything that would cause me to be disqualified, ineligible, denied, or lose my retirement benefit?

Generally your benefit will not be affected; however, there are some circumstances including divorce and employer reporting error, in which a benefit may be reduced. Contact WRS for specifics.

LEAVING EMPLOYMENT BEFORE REACHING RETIREMENT AGE

If I stop working for my employer, what happens to my pension?

If you are vested but no longer work for a participating employer, you may leave the funds in your account on deposit. Should you, at a later date, return to work for any employer participating in the Public Employee Pension Plan, you and your employer would resume making contributions, and you would start to earn service credit again. If you are a vested member employed before Sept. 1, 2012, you will remain in Tier 1 if you leave your funds on deposit. If you are a nonvested member of Tier 1 and are subsequently rehired, you will be in Tier 2.

If you want to forego a lifetime monthly benefit, you may take a refund of your account or roll it over to another qualified retirement plan, such as a 401(a), 401(k), 403(b), 457 or a traditional or Roth IRA. The amount refunded to you does not include employer contributions. If you are vested, WRS is required to provide you with an estimate of the monthly benefit you will be giving up should you take a refund or rollover. This is to make certain you understand the benefits you are giving up prior to making a decision.

If you are not vested, and your account balance is at least \$1,000, you may leave the account on deposit and continue to earn interest. However, if your account balance is less than \$1,000, you will be required to take a refund of your account or roll it over to another qualified plan. If your account balance is less than \$1,000, and you do not take a refund after a three-year period, your account may be absorbed into the system. Only if you are re-employed with a participating employer will the contributions and interest be reinstated to your account and your service credit restored.

PREVIOUS EMPLOYMENT

What if I have previous employment with a WRS employer?

If you return to work for a participating employer after previously taking a refund of your contributions, you have the opportunity to redeposit those funds and regain that service. You have seven years from the date of re-employment with a participating employer to make a redeposit.

Will I be in Tier 1 or Tier 2 if I make a redeposit?

If you were hired on or after Sept. 1, 2012 and placed in Tier 2 and later redeposit funds from employment you had while in Tier 1, you will remain in Tier 2. For example, if you left employment on July 18, 2011 and took a refund and then were re-employed on Oct. 1, 2012, you would be in Tier 2 instead of Tier 1 even if you subsequently redeposit your earlier contributions.

How do I make a redeposit and what happens?

The redeposit must be made in a lump sum, which includes interest of 5.5 percent compounded annually from the date of the refund. You are allowed to make the redeposit with transferred funds from other retirement vehicles, such as a 401(a), 401(k), 403(b), 457 or a traditional IRA.

The redeposit re-establishes the service credit you forfeited when you took the refund. However, a two-year waiting period from the date of re-employment is required prior to receiving service credit for the redeposit. Contact WRS to obtain more specific information so you may decide if you want to pursue a redeposit.

What if I have a retirement account with an employer who does not participate in WRS?

The WRS Public Employee Pension Plan is not able to let you transfer a pension benefit earned from another employer. However you may use money from another retirement account to purchase up to five years of service (see page 12).

You may also be able to roll the money into the 457 Plan. The 457 Plan can accept rollover money from pre-tax contributions that were made to a 401(k), 403(b), qualified 401(a), or a traditional IRA. The 457 Plan can also accept rollover money from after-tax contributions that were made to 401(k) Roth, and 403(b) Roth. If you have pre-tax or after-tax money in another 457 plan, you may transfer that money to the 457 Plan. Please call the 457 Plan section of WRS at (307) 777-3325 for more information and to obtain the proper forms.

BENEFICIARIES

What happens to my pension should I die before I retire?

At employment, you will designate a beneficiary who will receive the benefits associated with your account in the event of your death. You must make separate beneficiary designations for the pension, 457 Plan and Prudential Life Insurance. Not having a beneficiary on file could be a disadvantage to your family and loved ones.

If you are not vested in the plan and die before retirement, your beneficiary is entitled to receive a lump sum payment equal to twice your account balance at the time of your death. If you are vested and die before retirement, your beneficiary is entitled to receive either the lump sum death benefit or an actuarially adjusted lifetime benefit

equivalent to your accrued benefits as of the date of your death.

In order to take a lifetime benefit, a spousal beneficiary must be of retirement eligible age before taking the benefit. A spousal beneficiary who elects a lifetime benefit may change their election within 18 months of the date of your death and receive a lump sum payment less any payments already distributed. Spousal beneficiaries are not subject to time limitations and may leave funds on deposit indefinitely.

For a non-spousal beneficiary to elect a lifetime benefit rather than a lump sum, the beneficiary must be age-eligible to begin the benefit within one year of the date of your death. Otherwise, the non-spousal beneficiary would only be eligible for the lump sum death benefit. Lump sum payouts to non-spousal beneficiaries or estates who take a lump sum payout must be distributed within five years of the date of your death or they will no longer be available to your beneficiary.

If you have designated multiple individuals as primary beneficiaries, monthly retirement benefits are not an option. In these cases, lump sum payments will be made to the beneficiaries in equal shares, unless otherwise specified in writing to WRS. Monthly retirement benefits are not an option if you have designated an entity, such as a trust or charity, as your beneficiary.

You are responsible for keeping your beneficiary designation current. You may change your designation through your online account at any time, but spousal concurrence is required. Questions regarding the designation of a beneficiary or beneficiaries should be directed to the WRS office.

After retirement, what happens to my benefit when I die?

The option you select when you begin receiving retirement benefits will determine how the account is paid out upon your death.

APPROACHING RETIREMENT

What should I do if I am approaching retirement?

If you are vested, view an estimate of your retirement benefit available by logging into RAIN at wrsrain.wyo.gov.

What do I need to know about choosing a retirement date?

Your retirement date is something only you can decide. Remember, your benefit will increase with every month of service you complete. If you want to retire as soon as you are eligible, consider your birthday since you will need to turn 60 under Tier 1,65 under Tier 2, or meet the Rule of 85 for a retirement with no reduction in benefit.

How do I start my benefit?

You can log in to your RAIN account at wrsrain.wyo.gov to apply for benefits on or shortly before your last working day. You may also download a paper application for retirement and submit it to WRS.

When will I receive my first retirement check?

You may expect your first payment from WRS the month following the month we receive final contributions and a termination notice from your employer. Your first payment will be retroactive back to your retirement date.

If you talk with your employer, find out when they will be submitting the final contributions and termination notice pertaining to you. If you work for a school district, find out if they are paying all summer contributions in advance or paying throughout the summer. Once you know when WRS will get notice of termination and your final contribution, you can estimate that your first check will likely be on the retiree payroll date for the month after WRS received your information.

What options do I have when taking a retirement benefit?

You have some very important and irreversible decisions to make when starting your retirement benefit. Because everyone's needs are different, WRS offers several options for you to select from when you take your retirement benefit. Each option is a different variation of an annuity. An annuity is a payment method that ensures lifetime retirement income. A common form of payment for a married member is one of the joint and survivor benefit options, which pays throughout the lifetimes of both the member and the spouse. A common form of payment for an unmarried member is one of the single lifetime benefit options.

A different monthly benefit is associated with each option. You will select the option you want on the application you submit to start your retirement benefit. Once you choose an option and receive your first check, the chosen option cannot be changed. If you select option 2, 2P, 3, or 3P, your beneficiary designation cannot be changed even in the event of the death of the beneficiary or divorce.

Benefit Option Definitions:

Option 1: Single Lifetime Benefit with Beneficiary:

This is a lifetime benefit for you alone. If applicable, it is reduced for early retirement. This option does not provide for a monthly benefit to

a beneficiary after your death. Upon your death, your beneficiary would receive a lump sum of any remaining balance in the account which was not paid out during your retirement. Typically, a retiree draws all the funds from his or her account within three to five years of retiring, after which the retiree is paid with WRS investment earnings. Therefore, it is rare a lump sum payment is paid at a retiree's death.

A choice of any of the other options would change the monthly benefit depending on the ages of the member and the beneficiary (if applicable).

Option 2: Full Joint and Survivor Benefit:

This is a lifetime benefit for you and includes a provision for a 100 percent lifetime benefit to a beneficiary upon your death. It is a reduction from Option 1 and based on the life expectancy of both you and your beneficiary. Upon your death, 100 percent of the payment would continue for your beneficiary's lifetime regardless of marital status or other income. In the unlikely event there is a remaining balance in your account after the death of both you and your beneficiary, a contingent beneficiary would receive a lump sum payment. If you choose this option, your beneficiary designation cannot be changed even in the event of the death of the beneficiary or divorce. Option 2 may not be available if you have a non-spouse beneficiary.

Option 2P: Full Joint and Survivor Benefit with Pop-Up Provision:

This is a lifetime benefit for you and includes a provision for a 100 percent lifetime benefit to a beneficiary upon your death. It is a reduction from Option 1 and based on the life expectancy of both you and your beneficiary. Payment would continue for your beneficiary's lifetime regardless of marital status or other income. If your beneficiary precedes you in death, your benefit amount will "pop-up" to the Option 1 amount

for the remainder of your life. If you choose this option, your beneficiary designation cannot be changed even in the event of the death of your beneficiary or divorce. With this option, there is no lump sum payment of any remaining account balance upon the death of both you and your beneficiary. Option 2P may not be available if you have a non-spouse beneficiary.

Option 3: 1/2 Joint and Survivor Benefit:

This is a lifetime benefit for you and includes a provision for a 50 percent lifetime benefit to a beneficiary upon your death. It is a reduction from Option 1 and based on the life expectancy of both you and your beneficiary. Upon your death, one-half of the monthly benefit you had been receiving would be paid to your beneficiary. Payment would continue for your beneficiary's lifetime regardless of marital status or other income. In the unlikely event there is a remaining balance in your account after the death of both you and your beneficiary, a contingent beneficiary would receive a lump sum payment. If you choose this option, your beneficiary designation cannot be changed even in the event of the death of the beneficiary or divorce.

Option 3P: 1/2 Joint and Survivor Benefit with Pop-Up Provision:

This is a lifetime benefit for you and includes a provision for a 50 percent lifetime benefit to a beneficiary upon your death. It is a reduction from Option 1 and based on the life expectancy of both you and your beneficiary. Upon your death, one-half of the monthly benefit you had been receiving would be paid to your beneficiary. Payment would continue for your beneficiary's lifetime regardless of marital status or other income. If your beneficiary precedes you in death, your benefit amount will "pop-up" to the Option 1 amount for the remainder of your life. If you choose this option, your beneficiary designation

cannot be changed even in the event of the death of your beneficiary or divorce. With this option, there is no lump sum payment of any remaining account balance upon the death of both you and your beneficiary.

Option 4A: 10-year Certain Benefit:

This is a lifetime benefit for you only. It is a reduction from Option 1 and based only on your life expectancy. If your death occurs before you have received the benefit for 10 years, your beneficiary would receive the same monthly benefit for the balance of the 10-year period, after which the benefit ceases.

Option 4B: 20-Year Certain Benefit:

This is a lifetime benefit for you only. It is a reduction from Option 1 and based only on your life expectancy. If your death occurs before you have received the benefit for 20 years, your beneficiary would receive the same monthly benefit for the balance of the 20-year period, after which the benefit ceases.

Option 5: Single Lifetime Benefit without Beneficiary:

This is a lifetime benefit for you only. It is an increase to the Option 1 benefit and payable only during your lifetime with no provision for any beneficiary payment after your death. Upon your death, any money remaining in your account would revert back to WRS.

Self-Funded COLA Feature

You may elect any of the payout options offered by WRS and combine it with a self-funded, cost-of-living adjustment (COLA). This feature provides a guaranteed annual increase each July 1, following the two-year anniversary of your retirement, in exchange for a reduction in the initial benefit amount (with zero percent COLA). It is designed to be the actuarial equivalent of the initial benefit and provide

you a payout method that may suit your need to offset inflation in retirement. It will take a number of years before you exceed your initial benefit amount; however, you receive an ongoing increase to your pension income of either 1 percent, 2 percent or 3 percent and increases are compounded. It is expected at some point the increases will surpass the amount of your initial benefit. Upon death, any applicable continuing benefits will be determined based on the payout option and COLA feature elected. Please contact WRS at (307) 777-7691 if you have questions regarding your retirement benefit options.

How do I elect a retirement option?

We encourage you to contact us for individual counseling regarding your benefit options before submitting a retirement application. Once you have a thorough understanding of your estimated benefits and your benefit options, you must choose the option you want and indicate your selection on the retirement application necessary to start your retirement benefits.

Once you choose an option and receive your first monthly check, the chosen option cannot be changed. If you select option 2, 2P, 3, or 3P, your beneficiary designation cannot be changed even in the event of the death of the beneficiary or divorce.

Can WRS withhold my health insurance premium?

WRS can withhold retiree health insurance premiums from your monthly retirement check and forward the money to the appropriate entity. You arrange this through your employer when you terminate your employment. Your employer should then submit necessary information to WRS. Questions should be directed to WRS at (307) 777-7691.

SOCIAL SECURITY

Does my pension benefit affect my Social Security?

No, the Social Security coverage available to you is completely independent of coverage under WRS. You may receive benefits concurrently from both WRS and Social Security.

Is my pension benefit subject to Social Security or Medicare withholding?

No, retirement benefits are not subject to Social Security or Medicare withholding.

AFTER RETIREMENT

How do I get paid each month?

All benefit payments are deposited directly to your financial institution on the last business day of each month. Each payment represents your retirement benefit for the preceding month. Please note that we strongly suggest the use of direct deposit.

Is my pension income taxable?

Yes, your monthly benefit is reported to the IRS as income, and you are responsible for paying any taxes. You will receive a Form 1099-R annually for tax reporting purposes. If you made contributions to your pension after-tax, such as with a service purchase, the non-taxable portion of your pension paid throughout the year will be reported on your 1099-R form. You will complete a Federal Income Tax Withholding form when you apply for retirement to indicate how much federal income tax you want withheld.

Please consult a tax accountant or the IRS for further information. WRS staff cannot furnish tax advice.

Will I receive benefit increases after I retire?

The decision to grant any cost of living increase or benefit enhancement is made by the legislature, and any plan administered by the Wyoming Retirement System would be required to remain above 100 percent funded after any COLA is awarded.

Important Notice: Benefits provided under the pension plans administered by the Wyoming Retirement System represent merely one aspect of your retirement assets and should not be expected to replace one hundred percent (100%) of your pre-retirement income. Cost-of-living and other benefit increases are not incorporated into your benefit, emphasizing the importance for you to build additional resources for retirement income, such as personal savings. However, members who select the self-funded COLA feature as a benefit option will see a guaranteed increase. Additionally, pursuant to Wyo. Stat. 9-3-428, although you have a nonforfeitable interest in your accrued and funded benefits, the state of Wyoming is statutorily obligated only for the contributions required by the Wyoming Retirement Act.

Can I return to work after I retire?

The term "retirement" means you have terminated your working career for a salary with all participating employers of this plan. The term "retirement" also means you have met the requirements for eligibility to receive a retirement benefit and have had a bona fide break in service from your employer(s). This break in service following your retirement shows your intent to actually retire. You are not considered to be "retired" if you have a pre-existing arrangement to return to work following your retirement or any promise of future employment with a participating employer in this plan. Additionally, the break in service must be at least 30 days. If

however, all of the requirements for retirement have been met, a retired member is not necessarily precluded from returning to work for an employer in this plan.

Following a bona fide break in service, if you return to work for a participating employer in this plan and have been hired to fill a vacant fulltime position of a regular contributing employee, you are considered a "rehired retiree." As a rehired retiree, you must declare whether you will continue to receive your retirement benefit and not accrue any additional service credit, or stop your benefit and be reinstated as a contributing member of this plan. If you elect to continue your benefit, your employer must pay a rehired retiree payment equal to both the member and the employer contributions required by statute. This is to ensure that the plan is not disadvantaged by the position being filled by a non-contributing member. Your pension benefit, however, will not increase as a result of this payment.

If you choose to be reinstated as a contributing member, you will accrue additional service credit, and your retirement benefit will be recalculated upon your new retirement date. Your new benefit will be based on the same option you selected the first time you retired, and you will be required to keep the same designated beneficiary. As a rehired retiree, your benefit will be calculated under the same tier in which you were originally retired.

You might assume that by contributing more to the plan, your monthly benefit will increase. That is not always the case. This is because your new benefit will be adjusted by an amount reflecting any payments distributed to you in your first retirement. Additionally, one of the factors used to calculate your retirement benefit is your highest average salary, which is your average annual salary for the highest 36 continuous months of service for Tier 1 members and

sixty continuous months of service for Tier 2 members. For the highest average salary factor of the benefit calculation to change, a rehired retiree must work, at a minimum, the number of continuous months associated with the appropriate tier. Otherwise, your highest average salary will remain unchanged. Also, all cost-of-living adjustment (COLA) increases that may have been awarded during your first retirement will be eliminated.

If you do not have a bona fide break in service following your retirement and are rehired by a participating employer in this plan, your retirement benefit will be cancelled and you will be reinstated as a contributing member of the plan.

If you return to work under any of the other pension plans administered by WRS, or with an employer not participating in WRS, you would not be considered a rehired retiree and your employer would not be required to pay the rehired retiree payment.

If you are retired or intending to retire and are considering re-employment with a participating employer, you must contact WRS at (307) 777-7691 for assistance with understanding your choices and determining whether you are eligible to be a rehired retiree.

DISABILITY

What if I become disabled?

If you become incapacitated to the point you cannot perform your duties, you may be eligible for a disability retirement. A "total disability" means a condition rendering you unable to engage in any occupation for which you are reasonably suited by training or experience and which is expected to last at least 12 months. A "partial disability" means a condition rendering

you unable to fulfill the occupation for which you are reasonably suited by training or experience, which is expected to last at least 12 months but still allows you to function in other employment. Please contact WRS for more information about applying for a disability retirement benefit.

What are the eligibility requirements for a disability retirement?

To qualify for a disability retirement, you must have become disabled and apply for disability:

- » While you are a contributing member of the Wyoming Retirement System and
- » After you have 10 or more years of service, and
- » Before you are 60 years of age under Tier 1 or before you are 65 years of age under Tier 2.

How do I apply for a disability benefit?

You can obtain the application for a disability benefit from WRS. Three physicians, who have recently examined you, must verify the disabling condition. An external company makes a recommendation after reviewing your medical records. In the event of a contested decision, there are appeal procedures available to you.

What if I am injured and awarded workers' compensation?

In most cases, WRS cannot consider payment from workers' compensation as part of your salary. Because of this, being on workers' compensation may have an effect on your highest average salary and your months of service, which are used to determine your pension benefit. If this applies to you, please contact WRS at (307) 777-7691 for more information.

OTHER TOPICS OF INTEREST

How will military deployment affect my retirement account?

Should you be called for active military service, WRS rules allow you to receive service credit for missed contributions upon your return as long as certain requirements are met:

- » You must return to work with an employer participating in WRS within 90 days of being honorably discharged. Your employer must provide WRS with written notice of your re-employment within 30 days of your reemployment.
- » You must pay contributions on the service missed, and your employer will be required to pay the employer contributions. There may be funds available from the Adjutant General's office to help pay the employee and employer portion of the contribution for first responders. Any employee and employer contributions must be paid within five years of your reemployment.

If military service credit applies to you, call WRS at (307) 777-7691 to arrange for the makeup of missed retirement contributions. You will need to provide a DD-214 form verifying an honorable discharge and dates of deployment.

What if I get divorced?

WRS has formal rules regarding divorce settlements. WRS requires a Domestic Relations Order (DRO) signed by a judge to split your retirement benefit between you and your former spouse. Please be aware, if your former spouse is awarded a percentage of your benefit, your monthly retirement benefit will be reduced for your lifetime, even if your former spouse elects to be paid in a lump sum.

If you divorce after you have already started your retirement benefit, your named beneficiary under options 2, 2P, 3 and 3P cannot be changed. Your original beneficiary will receive the benefit.

A separate DRO is required to split your 457 Plan account for a divorce settlement. Sample DRO language for the pension and 457 Plan, as well as additional explanatory materials, are available at http://retirement.state.wy.us.

Does WRS offer Life Insurance?

WRS offers a life insurance plan you may currently purchase for \$16 a month prior to retirement. Prudential is the underwriter for the plan, and WRS is able to offer it to you through its membership with the National Conference on Public Employee Retirement Systems (NCPERS). The plan is commonly known as Prudential Life Insurance. Health Smart administers the Prudential Life Insurance program and often refers to it as NCPERS Life Insurance. You may receive correspondence from Health Smart, and if you need to make any changes to your beneficiary or address information, you should contact Health Smart at (800) 525-8056.

Who oversees WRS?

WRS is administered by an 11-member board, which includes the state treasurer, two public employees, two employees representing the public school system or higher education, one retired member of WRS and five qualified Wyoming electors not employed by any participating employer of WRS. All board members, with the exception of the state treasurer, are appointed by the governor for terms of six years.

The board employs a director, who serves as its secretary and is responsible for managing the staff and daily operation of WRS. The board holds quarterly public meetings (details are

listed at http://retirement.state.wy.us). The board establishes rules and regulations for administering the pension and 457 plans. The director administers these plans within the framework of those rules and regulations and the Wyoming Retirement Act.

What if I disagree with WRS?

You are entitled to a hearing with the WRS Board regarding any dispute, and the Wyoming Administrative Procedures Act will be followed. Chapter 3 of the board's administrative rules (available from the secretary of state's office) gives detailed information about the process.

How can I learn more about the finances of WRS?

WRS undergoes an audit for each fiscal year ending Dec. 31 and resulting reports are available on our website.

Statutes, rules, modifications to this handbook, and financial and actuarial reports are available at the address below for Plan Administrator and Service of Process:

Ruth Ryerson, Plan Administrator 6101 Yellowstone Road, Suite 500 Cheyenne, WY 82002



Wyoming Retirement System Board

Representing the Community at Large

Joseph Bluemel Tom Chapman Carl Jensen Laura Ladd Keith N. Hay

Representing Public Employees and Employers

Tim Sullivan

Steven Wolff

Representing Public School Systems

Colleen Anderson

Representing Higher Education

Garth Shanklin

Representing Retirees

Stephen Sommers

Wyoming State Treasurer
The Honorable Mark Gordon

Wyoming Retirement System

Vision

Partnering to build financial security for members and their families

Mission

Provide expert administration and responsible investment of Wyoming's public retirement and supplemental savings programs

Values

Integrity, accountability, commitment, excellence





This publication was created by and is provided to you by the Wyoming Retirement System. It serves as a summary plan document for the Public Employee Pension Plan and is meant to provide information about the main features of the plan.

State statutes, administrative rules, and the 457 Deferred Compensation Plan Document will govern in the event of any discrepancies with information in this book.

No information in this publication should be construed as advice. Consult an appropriate professional for specific tax, financial, legal, or investment advice.

